



DEPARTMENT OF THE NAVY
NAVAL RESERVE READINESS COMMAND NORTHWEST
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EVERETT, WA 98207-2600

NAVRESREDCOMNWINST 4205.3C

N4

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NAVRESREDCOM NORTHWEST INSTRUCTION 4205.3C

Subj: INTERNAL OPERATING PROCEDURES FOR THE USE OF THE
GOVERNMENT COMMERCIAL PURCHASE CARD PROGRAM (CITIBANK
MASTERCARD)

Ref: (a) NAVSUPINST 4200.85C
(b) NAVSUPINST 4200.94
(c) COMNAVRESFOR P4000.1
(d) NAVRESREDCOMNWINST 4205.1C
(e) DOD Financial Management Regulation 7000.14-R

1. Purpose. To establish local operating procedures for all Naval Reserve Readiness Command Northwest (REDCOM NW) Naval Reserve Activities when using the Government Commercial Purchase Card (GCPC) (CitiBank MasterCard) in accordance with references (a) through (e).

2. Cancellation. NAVRESREDCOMREG22INST 4205.3B

3. Background. The General Services Administration (GSA), Federal Supply Service (FSS), awarded a six-year GCPC contract to CitiBank. CitiBank utilizes the MasterCard as the official GCPC.

4. Scope. This instruction provides guidance for the establishment and management of a GCPC program and procedures for using the GCPC as a micro-purchase (procurements valued at \$2,500 or less, \$2,000 for construction) method for all REDCOM NW activities.

5. Policy. The policy of REDCOM NW is to use the GCPC for all authorized micro-purchases using simplified acquisition procedures in accordance with references (a) through (c), not to exceed contracting authority as delegated by reference (d). The GCPC may also be used to order directly from government required sources, (i.e. GSA stock, FPI, FSS, etc.) and as a payment method up to \$100,000 in conjunction with contracting methods authorized by references (a) and (b). Without exception, the GCPC may be used only for authorized U.S. Government purchases.

6. Establishment. The Agency Program Coordinator (APC) will submit all requests for new accounts, modifications, or cancellations of accounts. CitiBank will mail cards to each cardholder's Approving Official (AO) within five working days.

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Upon receipt, each cardholder is responsible for reporting receipt of his/her card to the REDCOM NW APC, verifying the accuracy of the account name and address, payment office address, and the assigned dollar limit. If all of this information is correct, the cardholder must call the CitiBank Voice Response Unit at 1-800-790-7206 to activate the card.

7. Responsibilities

a. Agency Program Coordinator (APC) - The APC serves as the liaison between REDCOM NW, CitiBank, and the GSA Contracting Officer. He/she serves as the focal point for answering questions, completing contract administration activities, coordinating applications, issuing and destroying cards, establishing and reviewing reports, and providing administrative training. REDCOM NW Agency Program Coordinator is the Logistics Supervisor (N41) at Naval Reserve Readiness Command Northwest. The APC will be appointed in writing by the REDCOM NW Commander. (R)

b. Designated Billing Office Contact - The applicable Reserve Activities Storekeeper has been designated by the APC as the designated billing office contact and will be responsible for payment of official invoices received from CitiBank.

c. Disputes Office Contact - This individual shall coordinate, process, and monitor all disputed purchases, credits, or billing errors. The disputes office contact is the REDCOM NW Logistics Supervisor (N41).

d. Approving Official (AO) - The Reserve Activities Commanding Officer is the designated Approving Official. He/she is responsible for reviewing the cardholder's monthly statement of account to ensure purchases are made in accordance with references (a) through (d). The AO will enforce the provisions of these internal operating procedures and initiate administrative and disciplinary procedures for misuse of the card per reference (e). The AO will be appointed in writing by the APC. (R)

e. Cardholder - The cardholder is the individual to whom a card is issued. The card bears this individual's name and shall only be used by this individual to pay for authorized U.S. government purchases in accordance with reference (a). Prior to effecting purchases, the cardholder must have received a certificate of appointment (SF 1402) from Commander REDCOM NW. This delegation will specify the single purchase

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limit, the billing cycle purchase limit, and the transaction types authorized.

f. Comptroller and Director of Logistics - The REDCOM NW Comptroller's and Director of Logistics' responsibilities focus on the formulation of the organizational unit's budget for the authorized purchase cards. Each card will be associated with a default line of accounting. It is the Comptroller/Director of Logistics that establishes the authorized lines of accounting (default or alternate). These authorized lines of accounting must be entered in the CITIDIRECT system and associated with the card profile prior to activating the card.

8. Training. Prior to issuance of a GCPC, all prospective cardholders and cognizant AOs must receive orientation on local operating procedures. The APC shall provide cardholders and AOs information and basic instructions on how to use the card in accordance with references (a) through (d). All cardholders and AOs must have successfully completed one of the NAVSUP-approved training courses listed below:

a. NAVSUP GCPC for micro-purchases (purchases under \$2,500, \$2,000 for purchases utilizing Naval Facilities Engineering Command (NAVFAC) purchase authority). This course is recommended for individuals who have been appointed micro-purchase authority to use the GCPC.

b. NAVSUP Simplified Acquisition Procedures Course. This course is recommended for individuals using all purchase methods authorized by reference (c).

c. Supply and Fiscal Course. This course is recommended for individuals using all purchase methods authorized by reference (d).

d. In addition to one of the above all AO's and cardholders will complete the NAVSUP GCPC Tutorial. (R)

9. GCPC Authority Limitations. Reference (d) delegates types/dollar limitations of purchase card actions by REDCOM NW activities. Requests for an increase in purchase card single purchase limits or billing cycle purchase limits must be requested via phone or e-mail from REDCOM NW (N41).

10. Administration

a. Vendor Authorization. Authorization codes will be established by the APC and incorporated on each individual cardholder's purchase card. Under normal circumstances,

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merchants are required to obtain authorization from CitiBank for purchases exceeding \$50. However, many merchants now use electronic authorization methods allowing them to obtain authorization for all purchases, regardless of amount. When authorization is requested for a purchase by a merchant, the CitiBank authorization system will check each individual cardholder's Single Purchase Limit, the Billing Cycle Purchase Limit, transaction method, Billing Cycle Office Limit, and the type of merchant where the cardholder is making a purchase before authorization for that transaction will be granted.

b. Card Security. It is each individual cardholder's responsibility to safeguard his/her purchase card and account number at all times. The cardholder must not allow anyone to use his/her card or account number. A violation of this trust shall require that the card be withdrawn from the cardholder with the possibility of subsequent disciplinary action.

c. Standards of Conduct. Employees of the U. S. Government hold a public trust; their conduct must meet the highest ethical standards. All agency employees shall use this card only to purchase authorized items as listed in reference (a). Cardholders and AOs acknowledge that making false statements on purchase card records may lead to disciplinary action. Punishment may include fine, imprisonment, or both, as stated in section 1001, Title 18 United States Code. Unauthorized use shall have the meaning as set forth in footnote 22, Section 226.12, Title 12 Code of Federal Regulations. Unauthorized use means the use of a purchase card by any person other than the cardholder whose name appears on the purchase card. Unauthorized use also means use of a purchase card by a cardholder who exceeds his/her delegation of purchase authority as defined in reference (d).

d. Unauthorized Use of a Card. REDCOM NW shall not be liable for any unauthorized use of the GCPC by a field activity cardholder or AO. The cardholder who makes unauthorized purchases or negligently uses the card will be liable to the cognizant AO for the total dollar amount of the transaction. AOs who provide false information on purchase card records will be liable to the Readiness Commander.

11. Micro-Purchase Procedures When Using the GCPC

a. Prior to placing an order, the cardholder must have an adequately prepared and approved material/purchase request. Federal Acquisition Regulations (FAR) Part 8 requires that the following sources of supply be screened prior to placing an order with a commercial vendor:

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(1) Excess from other agencies. Website:
<http://www.fss.gsa.gov/property.html>

(2) Federal Prison Industries. Website:
<http://www.unicor.gov>

(3) Statutory sources of supply. Website:
<http://www.jwod.gov>

(4) Government supply sources, such as stock programs of the GSA, the Defense Logistics Agency, or Military Inventory Control Points. GSA Advantage website: <http://www.fss.gsa.gov>

(5) Mandatory Federal Supply Schedules. Website:
<http://pub.fss.gsa.gov/Sched/index.html>

(6) Optional Federal Supply Schedules. Website:
<http://pub.fss.gsa.gov/Sched/index.html>

(7) Commercial sources

b. The cardholder must have sufficient funds in his/her operating budget obligated for the purchase prior to initiating procurement. Under no circumstances will a purchase be made without having an obligation document (NAVCOMPT 2276) established in FASTDATA.

c. The cardholder will document the merchant's quote on the purchase request or in the purchase file folder. Conduct enough market research to ensure that the government gets good value for funds expended in terms of reasonable price and timely/reliable quality service. The purchase should represent the best buy that meets the government's minimum requirements.

d. If the merchant's price is fair and reasonable, the cardholder may proceed with the purchase action.

e. Price comparisons for micro-purchase transactions utilizing the GCPC are not required but are highly encouraged. This does not mean that orders may be placed continuously with the same vendor. Reference (a) and the Federal Acquisition Regulation (FAR), Part 8, require that micro-purchases be distributed equitably among qualified vendors.

f. Letter of Agreement (LOA). Per reference (d), cardholders are authorized to place orders against those LOA's placed by REDCOM NW AO's. Cardholders are not authorized to (R issue LOA contracts.

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12. Types of Purchase

a. Over-the-counter: When the cardholder goes to the merchant's place of business to make the purchase and the supplies are immediately available.

b. On-line services: Orders may be placed through GSA, NIB/NISH, and UNICOR through the website addresses provided in paragraph 12.a.

c. Over-the-phone: Where orders are placed by phone and the merchant delivers the supplies to the activity or government pick-up is authorized. The cardholder must confirm as part of the award process that the merchant agrees:

(1) Not to charge the purchase card account until all items are shipped.

(2) That backordering or partial shipments be avoided.

(3) To deliver, or have available for pick-up, all item(s) no later than 30 days from the date of the order.

(4) To include the following information on the shipping document or packing list:

(a) Merchant's name and address

(b) Annotation to forward document to the cardholder by name and code (no account number should appear on the shipping document)

(c) Date of order

(d) Date of delivery or shipment

(e) Itemized list of supplies furnished, including quantity.

13. Purchase Requirements

a. In order to protect the integrity of the procurement process, a minimum two-way separation of functions is required. In other words, the cardholder cannot award the purchase action and sign for receipt of the supplies or services. If this is not feasible, the command must have a local instruction explaining why this is not feasible in accordance with reference (a).

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b. Merchants shall be reminded not to charge sales tax unless the location of the merchant's business does not afford the Federal Government a tax exempt status under its state and local laws (i.e. Arizona, Hawaii, and Japan).

c. Certify that the quantity and quality of the items furnished are in accordance with the agreement (verbal or written) with the vendor.

d. Ensure that fees paid by merchants (delivery and transportation) are added to the price of the items purchased by cardholders.

e. GCPC user fees are not authorized and will not be paid. Report vendors who propose purchase card user fees immediately to the REDCOM NW APC.

f. A purchase card log shall be used to document or record purchase card transactions. This documentation should be retained until the monthly billing statement is received and then submitted with applicable purchase files to the AO during the certification/reconciliation process.

g. Any time a purchase is made using the GCPC, whether it is done on-line, over-the-phone, or over-the-counter, individual purchase files will be maintained as proof of purchase and shall later be used to verify transactions shown on the cardholders monthly statement. Purchase file documentation shall contain (at a minimum) a properly prepared/approved material/purchase request, NAVCOMPT 2276 with amendments (increases/decreases), and the merchant's shipping document/sales slip.

14. Invoicing Procedures. CitiBank has developed a web-based application called CITIDIRECT. It is accessible through the internet and utilizes data warehousing technology. Access to this website is limited to the APC, individual cardholder, and cognizant AO. From a financial perspective, cardholders will use the system to view their transactions as purchases are made, assign correct Lines Of Accounting (LOA) to individual transactions, view monthly statements, reconcile individual transactions to their monthly statement, and certify the monthly statement. AOs will have the ability to view transactions of the cardholders they are responsible for, view monthly statements, certify monthly statements for payment, and submit invoices for payment. The posting of payments to accounting/bill paying systems will be accomplished through the use of Electronic Commerce/Electronic Data Interchange (EC/EDI) transactions. Cardholder and AO passwords will be distributed by CitiBank to

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access the CITIDIRECT website. To access the CITIDIRECT website follow the instructions provided below:

a. Type <http://www.citibank-gcs.com> at the URL bar on the browser.

b. Select "Navy" from the menu option of agencies that will appear on the next page.

c. The user will then be asked to provide a user ID and password. These passwords were previously distributed by CitiBank to individual cardholders and AOs.

d. The system will ask the user to change the default password to a personal password. Use a combination of a least six letters and/or numbers as the new password.

15. CitiBank Card Process Flow. The following steps will apply to each individual GCPC transaction:

a. When the transaction enters the CITIDIRECT data warehouse, it is viewable by the APC, Comptroller, cardholder, and AO.

b. At the end of the monthly billing cycle, the cardholder statement will be reviewed by the cardholder and validated/ submitted for payment to the AO.

c. After the cardholder has submitted the statement, he/she will have "view only" capability and will no longer be able to modify the statement unless rejected by the AO.

d. After the AO has certified the statement, he/she will have "view only" capability. It is crucial that the AO conduct a thorough reconciliation. Discrepancies noted prior to submission can be rejected back to the cardholder for corrections.

e. When the statement is certified by the AO, it is electronically submitted for payment.

16. Pay and Confirm. AOs are required to implement pay and confirm procedures whereby payment of vendors' purchase card invoices will be made promptly, subject to follow-on verification of receipt and acceptance of goods. A discrepancy on a vendor's invoice is usually due to billings being received in advance of verification that goods have been received and accepted. When this situation occurs, the following process should be initiated:

- a. Pay the statement.
- b. Contact the vendor to validate that shipment has been made. By law, the vendor should not submit billing for the purchase until the items are shipped. The purchase card is not authorized for use in situations where a merchant bills for ordered goods in advance of shipment or delivery.
- c. For cases of non-shipment, items will be disputed officially only if the merchant fails to credit the account in the next billing cycle.
- d. If, by the time of receiving the second billing statement, receipt and acceptance of the supplies questioned cannot be verified, the cardholder will dispute the transaction by completing a CitiBank Government Cardholder Dispute form.
- e. Purchases should not be disputed within 60 days of the billing statement date on which the original billing of the transaction occurred as provided under the General Services Administration contract.
- f. CitiBank allows 90 days for a dispute to be reconciled with the vendor.

17. Reconciliation Procedures/Responsibility

- a. Cardholder: Periodically throughout the month and at the end of the monthly billing cycle, the cardholder shall reconcile his/her cardholder statement of account. The cardholder will validate that each charge on his/her statement of account is correct and authorized by the cardholder for each type of card. Erroneous charges, price differences, items billed but not received, missing sales/shipping slips, etc. shall be paid and then disputed by completing a CitiBank Government Cardholder Dispute Form. Certify the total amount due on the statement of account. After validation on-line, the cardholder must submit his/her statement of account to the AO. At this time, the cardholder will also submit a complete purchase folder containing a properly prepared/approved material/purchase request, a NAVCOMPT 2276 entered in FASTDATA with amendments, if applicable, and copies of all merchant packing/sales slips to the AO to assist in validating each transaction contained on the statement of account.
- b. Approving Official: After the cardholder submits his/her statement of account, the AO reviews the record and submits the statement for payment. After this certification, CitiBank will

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deactivate the AO's ability to make any changes to the statement within the bank's data warehouse for the billing cycle just certified. Deactivation will remain in effect for that billing cycle until the bank receives payment for the certified statement. Upon receipt of payment, the bank will reactivate the AO's ability to access the statement as view only. AO's should ensure that their cardholders validate their statement of account and forward to them (the AO) for review no later than three working days after receipt. If discrepancies are found, the statement may be rejected back to the cardholder for correction.

18. Payment Responsibility

a. CitiBank: Upon receipt from the AO, the bank will electronically forward the statement to the Defense Finance Accounting Service (DFAS) for payment.

b. Defense Finance Accounting Service (DFAS): DFAS' role has changed significantly in that they will not be involved in the reconciliation process. This change, as well as implementation of the prompt payment rules, will expedite the process and minimize interest penalty payments. DFAS shall immediately pay the billing statements in full by means of Electronic Funds Transfer (EFT), or within five days if a payment backlog exists. Within this reengineered process, the DFAS role will be limited to validating that sufficient funds have been obligated, determining any prompt payment discounts or interest penalty payments due, and paying the billing statement.

19. Payment Contingency Plan. If the CITIDIRECT website is non-operational or the Reserve Activity encounters hardware/software problems, the cardholder must notify the APC immediately. The APC can submit the statement on-line from the AO in an emergency. If neither are able to access the invoice on-line, a paper certification will be submitted. Upon receipt of statement of account the cardholder will verify/reconcile the statement, attach the appropriate lines of accounting, and forward to the AO for certification. After certification, the cardholder will ensure that the statement is sent via FEDEX to the appropriate Defense Finance Accounting Service (DFAS) for payment.

20. Late Submission of Cardholder Statement of Account. If the AO fails to receive the statement of account reconciliation for the cardholder in sufficient time to allow for the billing statement to be paid within 23 days, the billing statement shall be certified in full for payment. The AO will follow-up with the delinquent cardholder to ensure that the statement of account reconciliation is completed.

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21. Purchase Card Restrictions. In accordance with reference (a) and the GSA Contract Guide, the GCPC shall not be used to purchase the following items:

- a. Items for personal benefit
- b. Cash advances
- c. Real property
- d. Personal/Official travel expenses including transportation, lodging, and meals
- e. Telecommunications Services - an exception is that telecommunications equipment and short term services such as the rental of beepers, telephones, etc. are authorized
- f. Repair of GSA leased vehicles
- g. Gas or oil for DON-owned aircraft, vessels, and vehicles unless the requirement is less than 10,000 gallons annually for CONUS/Alaska locations or 20,000 gallons for overseas/Hawaii locations.
- h. Hazardous materials, with the exception of commonly used hazardous material (i.e. batteries, lubricants, and toner cartridges) as defined by enclosure (2) of reference (a).

22. Reports. There are 11 required reports and 11 optional reports identified in the GSA Master Contract for the efficient management of the Government Commercial Card Program. CitiBank provides 10 additional reports to meet the Government's reporting requirements for the CitiBank Government Purchase Card. These reports are linked to invoice and transaction data where applicable. The following CitiBank generated reports will be utilized by the APC, AOs, and cardholders to efficiently manage the GCPC program for REDCOM NW:

- a. Account Activity Report for the Purchasing Card Program. This monthly report shows all transaction activity for the purchasing card program. It includes activity for both active and inactive accounts.
- b. Delinquency Report. This report lists all delinquent account balances. The report summarizes delinquency levels (30, 60, 90, 120 days+) and allows the user to access detail level data.

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c. Detailed Electronic Transaction File. This electronic file lists each cardholder's detailed transactions for the reporting period and contains all transaction data.

d. Invoice Status Report. This is a user-requested report that identifies all outstanding invoices and includes all transaction data and a field that calculates interest penalties.

e. Pre-Suspension/Pre-cancellation Report. This report lists accounts eligible for suspension or cancellation and identifies account name, account number, status, balance past due, number of days past due, and interest penalties.

f. Statistical Summary Report for the Purchase Card Program. Monthly report that provides a statistical summary of purchase card activity, including dollar volume, number of transactions, active cardholders, total numbers of accounts, new accounts, miscellaneous fees, and identification of fees on a current and fiscal year basis.

g. Summary Quarterly Status Report. Provides a summary of purchases over and under the micro-purchase level as described in the Federal Acquisition Regulations. It includes the number of transactions, the dollar volume and comparative percentages for the current reporting period, and fiscal year activity.

h. Transaction Dispute Report. This report lists all outstanding and resolved transaction disputes. The report is summarized by dispute status. The user has the capability to access detail level data and thereby identify, track, and obtain status on the dispute from the original charge through resolution.

i. Transaction Activity Report. Detailed electronic transaction file that provides transaction detail at the individual account level.

j. Transaction Statistical Summary Report. Provides statistical information useful for management level analysis and decision making at the agency/organization level. Available monthly, quarterly, and annually.

23. Management/Informational Guidance. In addition to training provided by the APC, the following guides can be obtained by accessing the NAVSUP home page at www.navsup.navy.mil (Corporate Services):

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a. Financial Management Instructor Guide for the Purchase Card Program

b. CitiBank Government Purchasing Card Guide

c. CitiBank Government Transaction Dispute Office Guide

d. CitiBank Purchase Card Conversion Training Update Messages

24. Billing Errors, Disputes, and Missing Documentation. Cardholders must complete the CitiBank Government Cardholder Dispute Form when the following circumstances are encountered:

a. Unauthorized mail or telephone order

b. Duplicate Processing

c. Supplies/services not received

d. Supplies returned (charges reflected on statement of account)

e. Credit not received

f. Difference in amount

g. Copy request (missing sales slip/sales draft)

h. Supplies received do not conform to what was ordered.

25. Contact with CitiBank. CitiBank shall be contacted by cardholders to request user ID and password. (Call 1-888-786-0818). All other questions should be directed to the REDCOM NW APC.

a. Telephone notification: If the card is lost or stolen, it is the cardholder's responsibility to notify CitiBank immediately at the following number: 1-800-790-7206. Customer service representatives are available 24 hours a day.

b. Written notification: The cardholder must notify his/her Approving Official within one workday after discovering the card missing. The Approving Official shall submit a written report to the REDCOM NW APC within three workdays.

c. This report shall include:

(1) The card number

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- (2) The cardholder's complete name
- (3) Date and location of the loss
- (4) If stolen, date reported to police/NCIS
- (5) Date and time CitiBank was notified
- (6) Any purchase(s) made on the day the card was lost/stolen
- (7) Any other pertinent information

26. Card Replacement. CitiBank will mail a replacement card within 3-5 workdays of the reported loss. A card that is subsequently found by the cardholder after being reported lost or stolen shall be cut in half and given to his/her AO or APC. The APC shall immediately notify CitiBank that the card has been destroyed.

27. Separation of Cardholder. Upon separation, the cardholder must surrender the card to his/her AO. The AO shall notify the REDCOM NW APC of destruction of the card. The APC will notify CitiBank to cancel the account.

28. Transfer of Cardholder to another Approving Official. If a cardholder is transferred to a Reserve Center within the claimancy of REDCOM NW, the cardholder's account may simply be transferred at the end of the billing cycle. If transferred out of the REDCOM NW's claimancy, the cardholder must surrender the purchase card to the AO who will notify the APC a minimum of 30 days prior to the cardholder's transfer.

29. Transfer of AO. Thirty days before the separation (including reassignment and retirement) of the AO, the REDCOM NW APC must be notified. This ensures an orderly termination of the outgoing AO and establishment of the incoming AO's account.

30. Internal Review of Local Government Commercial Purchase Card Program

a. To ensure that internal controls and local operating procedures are followed by requisitioners, cardholders, and AO's, a semi-annual review of purchase card transactions shall be conducted in March and September by the cognizant AO in accordance with reference (a).

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b. A report of this review shall be forwarded to the REDCOM NW APC. Areas that should be considered during the internal review include:

- (1) Review of internal operating procedures to ensure compliance with references (a) and (b).
- (2) Compliance with applicable training requirements
- (3) Delegation of authority
- (4) Purchase request process
- (5) Micro-purchase procedures
- (6) Receipt, inspection, and acceptance procedures
- (7) Invoice certification process
- (8) Prompt payment issues

31. Reporting requirements. REDCOM NW will review the Government Commercial Purchase Card as part of the regularly scheduled procurement management review.



J. M. LANDON II

Distribution: (NAVRESREDCOMNWINST 5216.1K)
List A (N4, N41, and N8 only)
B

Stocked:
NAVRESREDCOM Northwest (N01A)